



Year 2000 Contingency Planning Guidance

FIL-51-98
May 13, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Interagency Guidance on Contingency Planning for Year 2000 Readiness*

The Federal Financial Institutions Examination Council (FFIEC) has issued the attached statement with industry guidance on contingency planning in connection with Year 2000 readiness. The statement supplements the FFIEC's statements "Year 2000 Project Management Awareness," issued May 5, 1997, and "Guidance Concerning Institution Due Diligence in Connection with Service Provider and Software Vendor Year 2000 Readiness," issued March 17, 1998.

The interagency statement provides guidance on two types of contingency planning to mitigate the risks associated with Year 2000:

- Business Resumption Contingency Planning, which addresses the risks associated with the failure of systems at critical dates, and
- Remediation Contingency Planning, which addresses the failure of an institution to successfully complete renovation, validation or implementation of its Year 2000 readiness plan.

The Federal Deposit Insurance Corporation (FDIC) understands that ensuring the availability of an alternative service provider or software vendor may require payment of a fee. Institutions need not enter into such an arrangement if their current service provider or software vendor is Year 2000 ready or making satisfactory remediation efforts. This is a business decision that the board of Directors and senior management should consider in light of the remediation efforts of current service providers or software vendors.

It is imperative that the board of Directors and senior management adopt a proactive role in developing and supervising the contingency planning process. Sufficient resources should be available to complete the process timely and effectively.

The FDIC will address the Year 2000 contingency planning process as part of a financial institution's Year 2000 readiness examination. An institution's failure to appropriately address Year 2000 readiness problems may result in supervisory actions, including formal and informal enforcement actions, denials of applications filed pursuant to the Federal Deposit Insurance Act, civil money penalties, and reductions in the institution's management component or composite ratings.

The attached interagency statement and related information on Year 2000 issues are available on the Internet via the World Wide Web at [/news/news/financial/](http://news/news/financial/) or <http://www.ffiec.gov>. For further information, please contact your Division of Supervision Regional Office.

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Director

Attachment:

[FFIEC Interagency Statement](#)

Distribution: Insured Banks (Commercial and Savings) and Insured U.S. Branches of Foreign Banks

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, N.W., Room 100, Washington, D.C. 20434 (800-276-6003 or (703) 562-2200).

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